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Medicine Hat The Gas City

Alberta's TOP 35 EMPLOYERS 2008

MEDIA RELEASE

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FOR IMMEDIATE RELEASE
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REBATE BENEFITS CITY'S NATURAL GAS CUSTOMERS

Medicine Hat – City of Medicine Hat natural gas customers will pay between $0.63 and $1.15 per gigajoule (GJ) less than other Albertans in February.

With an Alberta Gas Rebate of $2.50 per GJ in February, City of Medicine Hat natural gas customers are paying $4.07 per GJ for the commodity compared to Direct Energy and AltaGas customers who will pay between $4.91 and $5.22 per GJ and 40 Mile Gas Co-op customers at $4.70 per GJ.

"In addition to savings on the gas commodity, Hatters also pay less for their Gas Distribution service than in other areas," says Gerry Labas, Energy Division Commissioner. "The average residential consumption in a winter month is 22 GJs. The service cost for that volume in Medicine Hat in February is $31.38, where a customer in the market outside Medicine Hat would pay $47.47 on average."

When the gas commodity is included, the end result is the average homeowner in Medicine Hat saves about $35 per month during the peak gas season.

"The City sets its gas commodity rate based on the forecasted price for a full year," adds Labas. "The City then reviews the gas rate at mid year to ensure its customers are paying the annual market price of gas. A City gas customer will pay no more or less than what the price of gas is in the market over that period.

"We continue to operate in a competitive market place," says Labas. "Our challenge will be to find ways to ensure we don't erode the equity Medicine Hatters have in their Utilities so the community can continue to receive an annual dividend.

"The rise in natural gas prices enables the City to have a sustainable dividend so the City can replace natural gas reserves, continue to provide gas to our customers and provide an annual dividend of at least $25 million to the residents of Medicine Hat."

Natural gas providers in the market outside Medicine Hat set their rates monthly so the over or under collection is built in to the following month's gas price. These natural gas providers forecast the gas price in the market a month in advance and that forecasted gas price is then charged to their customers on a monthly basis.

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